

Adopted	Rejected
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## COMMITTEE REPORT

YES:	11
NO:	1

### MR. SPEAKER:

*Your Committee on Judiciary, to which was referred Senate Bill 171, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

1       Page 1, between the enacting clause and line 1, begin a new  
 2       paragraph and insert:  
 3       "SECTION 1. IC 5-28-15-3, AS ADDED BY P.L.4-2005,  
 4       SECTION 34, IS AMENDED TO READ AS FOLLOWS  
 5       [EFFECTIVE JANUARY 1, 2006]: Sec. 3. As used in this chapter,  
 6       "zone business" means an entity that accesses at least one (1) tax credit,  
 7       **deduction**, or exemption incentive available under this chapter,  
 8       IC 6-1.1-20.8, ~~or~~ **IC 6-1.1-45, IC 6-1.1-46, IC 6-3-3-10, IC 6-3.1-7, or**  
 9       **IC 6-3.1-10.**  
 10       SECTION 2. IC 5-28-15-5, AS ADDED BY P.L.4-2005, SECTION  
 11       34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 12       2005]: Sec. 5. (a) The board has the following powers, in addition to  
 13       other powers that are contained in this chapter:  
 14       (1) To review and approve or reject all applicants for enterprise  
 15       zone designation, according to the criteria for designation that this  
 16       chapter provides.

- 1 (2) To waive or modify rules as provided in this chapter.
- 2 (3) To provide a procedure by which enterprise zones may be
- 3 monitored and evaluated on an annual basis.
- 4 (4) To adopt rules for the disqualification of a zone business from
- 5 eligibility for any or all incentives available to zone businesses, if
- 6 that zone business does not do one (1) of the following:
  - 7 (A) If all its incentives, as contained in the summary required
  - 8 under section 7 of this chapter, exceed one thousand dollars
  - 9 (\$1,000) in any year, pay a registration fee to the board in an
  - 10 amount equal to one percent (1%) of all its incentives.
  - 11 (B) Use all its incentives, except for the amount of the
  - 12 registration fee, for its property or employees in the zone.
  - 13 (C) Remain open and operating as a zone business for twelve
  - 14 (12) months of the assessment year for which the incentive is
  - 15 claimed.
- 16 (5) To disqualify a zone business from eligibility for any or all
- 17 incentives available to zone businesses in accordance with the
- 18 procedures set forth in the board's rules.
- 19 (6) After a recommendation from a U.E.A., to modify an
- 20 enterprise zone boundary if the board determines that the
- 21 modification:
  - 22 (A) is in the best interests of the zone; and
  - 23 (B) meets the threshold criteria and factors set forth in section
  - 24 9 of this chapter.
- 25 (7) To employ staff and contract for services.
- 26 (8) To receive funds from any source and expend the funds for the
- 27 administration and promotion of the enterprise zone program.
- 28 (9) To make determinations under IC 6-3.1-11 concerning the
- 29 designation of locations as industrial recovery sites and the
- 30 availability of the credit provided by IC 6-1.1-20.7 to persons
- 31 owning inventory located on an industrial recovery site.
- 32 (10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11
- 33 concerning the disqualification of persons from claiming credits
- 34 provided by those chapters in appropriate cases.
- 35 (11) To make determinations under IC 6-3.1-11.5 concerning the
- 36 designation of locations as military base recovery sites and the
- 37 availability of the credit provided by IC 6-3.1-11.5 to persons
- 38 making qualified investments in military base recovery sites.

(12) To make determinations under IC 6-3.1-11.5 concerning the disqualification of persons from claiming the credit provided by IC 6-3.1-11.5 in appropriate cases.

(b) In addition to a registration fee paid under subsection (a)(4)(A), each zone business that receives ~~a credit under an incentive described in section 3 of~~ this chapter shall assist the zone U.E.A. in an amount determined by the legislative body of the municipality in which the zone is located. If a zone business does not assist a U.E.A., the legislative body of the municipality in which the zone is located may pass an ordinance disqualifying a zone business from eligibility for all credits or incentives available to zone businesses. If a legislative body disqualifies a zone business under this subsection, the legislative body shall notify the board, the department of local government finance, and the department of state revenue in writing not more than thirty (30) days after the passage of the ordinance disqualifying the zone business. Disqualification of a zone business under this section is effective beginning with the taxable year in which the ordinance disqualifying the zone business is adopted.

SECTION 3. IC 5-28-15-6, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The enterprise zone fund is established within the state treasury.

(b) The fund consists of:

- (1) the revenue from the registration fee required under section 5 of this chapter; and
- (2) appropriations from the general assembly.

(c) The corporation shall administer the fund. The fund may be used to:

- (1) pay the expenses of administering the fund;
- (2) pay nonrecurring administrative expenses of the enterprise zone program; ~~and~~
- (3) provide grants to U.E.A.s for brownfield remediation in enterprise zones; ~~and~~
- (4) pay administrative expenses of urban enterprise associations.**

However, money in the fund may not be expended unless it has been appropriated by the general assembly and allotted by the budget agency.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund. The corporation shall develop appropriate applications and may develop grant allocation guidelines, without complying with IC 4-22-2, for awarding grants under this subsection. The grant allocation guidelines must take into consideration the competitive impact of brownfield redevelopment plans on existing zone businesses."

Page 4, line 3, delete "assessor" and insert "**assessors**".

Page 4, line 7, delete "assessor" and insert "**assessors**".

Page 4, line 8, delete "assessor" and insert "**assessors**".

Page 4, between lines 10 and 11, begin a new paragraph and insert:  
"SECTION 5. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]:

**Chapter 45. Enterprise Zone Investment Deduction**

**Sec. 1. The definitions in this chapter apply throughout this chapter.**

**Sec. 2. "Base year assessed value" equals the total assessed value of the real and personal property assessed at an enterprise zone location on the assessment date in the calendar year immediately preceding the calendar year in which a taxpayer makes a qualified investment with respect to the enterprise zone location.**

**Sec. 3. "Corporation" refers to the Indiana economic development corporation established by IC 5-28-3-1.**

**Sec. 4. "Enterprise zone" refers to an enterprise zone created under IC 5-28-15.**

**Sec. 5. "Enterprise zone location" means a lot, parcel, or tract of land located in an enterprise zone.**

**Sec. 6. "Enterprise zone property" refers to real and tangible personal property that is located within an enterprise zone on an assessment date.**

**Sec. 7. "Qualified investment" means any of the following expenditures relating to an enterprise zone location on which a taxpayer's zone business is located:**

(1) The purchase of a building.

(2) The purchase of new manufacturing or production equipment.

(3) The purchase of new computers and related office equipment.

(4) Costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements.

(5) Onsite infrastructure improvements.

(6) The construction of a new building.

(7) Costs associated with retooling existing machinery.

Sec. 8. "Zone business" has the meaning set forth in IC 5-28-15-3.

Sec. 9. (a) A taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's enterprise zone property located at the enterprise zone location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:

(1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus

(2) the total amount of the base year assessed value for the enterprise zone location.

(b) To receive the deduction allowed under subsection (a) for a particular year, a taxpayer must comply with the conditions set forth in this chapter.

Sec. 10. (a) A taxpayer that desires to claim the deduction provided by section 9 of this chapter for a particular year shall file a certified application, on forms prescribed by the department of local government finance, with the auditor of the county where the property for which the deduction is claimed was located on the assessment date. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. The application must be filed before May 10 of the assessment year to obtain the deduction.

(b) A taxpayer shall include on an application filed under this section all information that the department of local government finance and the corporation require to determine eligibility for the

1 deduction provided under this chapter.

2 Sec. 11. (a) The county auditor shall determine the eligibility of  
3 each applicant under this chapter and shall notify the applicant of  
4 the determination before August 15 of the year in which the  
5 application is made.

6 (b) A person may appeal the determination of the county auditor  
7 under subsection (a) by filing a complaint in the office of the clerk  
8 of the circuit or superior court not later than forty-five (45) days  
9 after the county auditor gives the person notice of the  
10 determination.

11 Sec. 12. A taxpayer may not claim a deduction under this  
12 chapter for more than ten (10) years.

13 SECTION 6. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE  
14 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
15 JANUARY 1, 2006]:

16 **Chapter 46. Enterprise Zone Personal Property Deduction**

17 Sec. 1. The definitions in this chapter apply throughout this  
18 chapter.

19 Sec. 2. "Corporation" refers to the Indiana economic  
20 development corporation established by IC 5-28-3-1.

21 Sec. 3. "Enterprise zone" refers to an enterprise zone created  
22 under IC 5-28-15.

23 Sec. 4. "Enterprise zone personal property" refers to tangible  
24 personal property that is located within an enterprise zone on the  
25 assessment date.

26 Sec. 5. (a) A taxpayer that meets the conditions of subsection (b)  
27 may receive a deduction from the assessed value of the taxpayer's  
28 enterprise zone personal property. The amount of the deduction is  
29 equal to the lesser of:

30 (1) the assessed valuation of the taxpayer's enterprise zone  
31 personal property; or

32 (2) two hundred fifty thousand dollars (\$250,000).

33 (b) A taxpayer is entitled to a deduction under this chapter for  
34 a particular year if:

35 (1) the taxpayer complies with the conditions set forth in this  
36 chapter; and

37 (2) the taxpayer's application for a deduction is approved by  
38 the fiscal body of the municipality in which the enterprise

1           zone is located.

2           **Sec. 6. (a) A taxpayer that desires to claim the deduction**  
 3 **provided by section 5 of this chapter for a particular year shall file**  
 4 **a certified application, on forms prescribed by the department of**  
 5 **local government finance, with the auditor of the county where the**  
 6 **property for which the deduction is claimed was located on the**  
 7 **assessment date. The application may be filed in person or by mail.**  
 8 **If mailed, the mailing must be postmarked on or before the last day**  
 9 **for filing. The application must be filed before May 10 of the**  
 10 **assessment year to obtain the deduction.**

11           **(b) A taxpayer shall include on an application filed under this**  
 12 **section all information that the department of local government**  
 13 **finance and the corporation require to determine eligibility for the**  
 14 **deduction provided under this chapter.**

15           **(c) The county auditor shall submit all applications received**  
 16 **under this section to the fiscal body of the municipality in which the**  
 17 **property for which the deduction is claimed was located on the**  
 18 **assessment date. The fiscal body may approve or reject the**  
 19 **application according to criteria adopted by the fiscal body.**

20           **Sec. 7. (a) The county auditor shall notify the applicant of the**  
 21 **fiscal body's determination before August 15 of the year in which**  
 22 **the application is made.**

23           **(b) A person may appeal the determination of the fiscal body**  
 24 **under subsection (a) by filing a complaint in the office of the clerk**  
 25 **of the circuit or superior court not later than forty-five (45) days**  
 26 **after the county auditor gives the person notice of the fiscal body's**  
 27 **determination.**

28           **SECTION 7. IC 6-3.1-7-7 IS ADDED TO THE INDIANA CODE**  
 29 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**  
 30 **JULY 1, 2005]: Sec. 7. The department shall annually compile and**  
 31 **report to the Indiana economic development corporation the**  
 32 **following information:**

33           **(1) The number of tax credits claimed under this chapter for**  
 34 **taxable years ending in the preceding state fiscal year.**

35           **(2) The total amount of the tax credits described in**  
 36 **subdivision (1).**

37           **(3) For each enterprise zone, the number and amount of tax**  
 38 **credits described in subdivision (1) that are attributable to**

**loans made to businesses located in the enterprise zone.**

SECTION 8. IC 6-3.1-10-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]:  
Sec. 4. ~~(a)~~ As used in this chapter, "taxpayer" means any: ~~individual that has any state tax liability.~~

**(1) person;**

**(2) corporation; or**

**(3) pass through entity;**

**that has any state tax liability.**

~~(b) Notwithstanding subsection (a), for a credit for a qualified investment in a business located in an enterprise zone in a county having a population of more than one hundred five thousand (105,000) but less than one hundred ten thousand (110,000), "taxpayer" includes a pass through entity.~~

SECTION 9. IC 6-3.1-10-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]: **Sec. 10. (a) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to another taxpayer. An assignment under this subsection must be in writing. A credit that is assigned under this subsection remains subject to this chapter.**

**(b) An assignment under subsection (a) must be reported on the state tax returns of the taxpayer and the assignee for the year in which the assignment is made in the manner prescribed by the department. The taxpayer may not receive value in connection with the assignment under subsection (a) that exceeds the value of the part of the credit assigned.**

**(c) A taxpayer that assigns a tax credit under this section shall contribute at least fourteen percent (14%) of the proceeds of the assignment to the urban enterprise association established under IC 4-4-6.1 for the enterprise zone in which the taxpayer is located.**

**(d) After making the contribution required under subsection (c), a taxpayer that assigns a tax credit under this section shall reinvest the remaining proceeds of the assignment in the taxpayer's enterprise zone operations.**

SECTION 10. [EFFECTIVE JANUARY 1, 2006] **(a) IC 6-3.1-10-4, as amended by this act, applies to taxable years beginning after December 31, 1999.**

1           **(b) IC 6-3.1-10-10, as added by this act, applies to taxable years**  
2           **beginning after December 31, 1999.**

3           SECTION 11. [EFFECTIVE JANUARY 1, 2006] **IC 6-1.1-45 and**  
4           **IC 6-1.1-46, both as added by this act, apply to assessment dates**  
5           **occurring after February 28, 2006, for property taxes first due and**  
6           **payable after December 31, 2006."**

7           Page 4, line 11, delete "JULY 1, 2004]" and insert "JANUARY 1,  
8           2006]".

9           Page 4, after line 13, begin a new paragraph and insert:  
10          "SECTION 13. **An emergency is declared for this act.**".

11          Renumber all SECTIONS consecutively.  
            (Reference is to SB 171 as reprinted March 1, 2005.)

**and when so amended that said bill do pass.**

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Representative Foley